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DE RUEHNT #0385/01 0920409
ZNR UUUUU ZZH
R 010409Z APR 08
FM AMEMBASSY TASHKENT
TO RUEHC/SECSTATE WASHDC 9449
INFO RUEHAK/AMEMBASSY ANKARA 2767
RUEHAH/AMEMBASSY ASHGABAT 3857
RUEHTA/AMEMBASSY ASTANA 0070
RUEHEK/AMEMBASSY BISHKEK 4472
RUEHDBU/AMEMBASSY DUSHANBE 0350
RUEHMO/AMEMBASSY MOSCOW 7344
RUEHBUL/AMEMBASSY KABUL 2337
RUEHRC/USDA FAS WASHDC

UNCLAS TASHKENT 000385

SIPDIS

SENSITIVE
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DEPT FOR SCA/CEN, USDA FAS FOR OCBD/KREAMER, CROUSHORN,
SCHWARTZ USDA FAS FOR OCRA/CURTIS, FLEMINGS USDA FAS FOR
OFSO/DEVER ANKARA FOR FAS

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [ECIN](#) [SOCI](#) [PGOV](#) [PREL](#) [UZ](#)

SUBJECT: US-UZBEKISTAN WORKING GROUP REVIEWS AGRICULTURE
COOPERATION

1. (SBU) Summary: The U.S.-Uzbekistan Joint Working Group (JWG) met on March 19 to review implementation of projects funded by U.S. Food for Progress programs. Ministry of Finance Deputy Minister Tursunov repeatedly apologized for delays in the financing of ten projects and assured the U.S. side that his government would issue a decree authorizing funds disbursement within 20 days. The U.S. co-chair replied that similar promises made last July had not been kept, and that without concrete progress our concern over continued delays would be raised at a higher political level. Tursunov pledged that the Government of Uzbekistan (GOU) would do its best to provide quarterly status reports on project implementation and official bank statements on the interest accumulated by the U.S. Food for Progress funds, and he also agreed to allow Agriculture Counselor or Embassy staff members to monitor projects that have been completed or are underway. End summary.

2. (U) The U.S.-Uzbekistan Joint Working Group (JWG) met for the eleventh time on March 19 in Tashkent. Deputy Minister of Finance Tursunov and Agriculture Counselor Ralph Gifford co-chair the JWG, which reviews implementation of 38 mutually-agreed projects funded with 16.75 billion UZS (12.78 million USD) from FY 2003 and FY 2004 USDA Food for Progress programs. (Note: UZS conversions to USD use the March 27 rate of 1,311 UZS to each USD. End note.) Four other Government of Uzbekistan officials attended, including Alisher Mursaliyev, Head of the International Financial Institutions Department of the Ministry of Foreign Economic Relations, Valentin Zimin of the Ministry of Agriculture and Water Resources, and Botir Alimukhamedov, Deputy Minister of Labor and Social Protection. The U.S. side included Embassy Poloff Steven Prohaska, Ag Specialist Nizam Yuldashbaev and USAID Project Management Specialist Alexander Kalashnikov.

3. (SBU) Tursunov began the meeting with a briefing on the status of seven projects already underway. Government decree 508 had approved these projects, and six of them have nearly been completed. Tursunov said he hoped to receive final reports on the completed projects soon.

4. (SBU) Tursunov apologized for not disbursing funds and implementing twelve other projects as he had promised at the previous JWG meeting last July. He blamed bureaucracy in the Ministry of Finance, adding that the person responsible for

the delay had been punished and replaced. Tursunov then pledged that within 20 days, the projects will be financed and the funds disbursed. A new draft decree will address 10 of the 12 Food for Progress projects because the GOU will be funding the other two--a canal in Kashkadarya and improving irrigation conditions in Bukhara--from a new land reclamation fund. Tursunov proposed that the Food for Progress funds for these two projects instead be diverted to work on the Buston Canal in Karakalpakstan. Tursunov said that the canal itself has been finished, but they require additional funds to build a bridge and surrounding infrastructure. He requested that U.S. fund 523 million UZS (398,932 USD) of the 920 million UZS (701,754 USD) project.

15. (SBU) Within the next five days, a decree will be officially presented to the Cabinet of Ministers for its approval; Deputy Prime Minister Azimov already has given his approval to finalize this decree, and everything has been coordinated, Tursunov assured the U.S. side. The 10 projects to be included in the decree are as follows:

I. Emergency medical care education, initiated by Medical Team International, approved for 450 million UZS (343,249 USD).

II. Financing the construction of pumping stations "Havast-Gallakor" in Syrdarya region, initiated by the Ministry of Agriculture, approved for 200 million UZS (152,555 USD).

III. Equipment for labs in Kashkadarya, Ferghana, and Khorezm, initiated by the Uzbekistan Scientific Plant Research Institute, approved for 25 million UZS (19,069 USD).

IV. Creation of new, disease-resistant, fast-growing cotton varieties, initiated by the Institute of Genetics and

Experimental Biology, approved for 45 million UZS (34,325 USD).

V. Creation of new cotton varieties, initiated by the Institute of Genetics and Experimental Biology, approved for 45 million UZS (34,325 USD).

VI. New methods of melon growing, initiated by the Res Institute for Melons and Vegetables, approved for 25 million UZS (19,069 USD).

VII. Cattle breeding, initiated by the Res Institute of Astrakhan and Desert Ecology, approved for 25 million UZS (19,069 USD).

VIII. Poultry rations/forage development, initiated by the Poultry Farming Production Center, approved for 25 million UZS (19,069 USD).

IX. Irrigation methods for grain, increasing production yields, initiated by the Andijan Agriculture Institute, approved for 40 million UZS (30,511 USD).

X. Water monitoring and metering equipment, initiated by USAID, approved for 850 million UZS (64,836 USD).

16. (SBU) Agcouns thanked Tursunov for the update and promises of rapid progress, but added that his optimism was limited because similar pledges made last July remained unfulfilled nine months later. He said that Washington officials wanted to know why implementation of all the projects had not been completed yet.

17. (SBU) Tursunov again asked for forgiveness, acknowledging that he himself was partly to blame for the delay. He said that the GOU would do its best to finalize internal coordination and get a new implementation decree issued within 20 days, and would simultaneously begin work on a decree financing the next 8-10 projects. He explained that the next decree cannot encompass all of the remaining projects because some date from 1996 and 1998--so long ago that technical and budget data needs to be updated; otherwise one project with incorrect data could delay adoption of the entire decree. Agcouns agreed that because so much time has passed since certain projects were proposed, it was worthwhile to check with the relevant institutions to ensure that they are still willing to participate in these projects. (Note: Two U.S. universities, Ohio State and Illinois State, are listed as project initiators in partnership with Tashkent

Economic University and Tashkent State Agrarian University respectively. End note).

¶8. (SBU) The accumulated interest on the initial USDA Food for Progress deposit for food monetization program 416b amounts to 1.13 billion UZS (861,937 USD), Tursunov noted, which he proposed to spend on two new projects. (Note: Tursunov clarified that as of last July a total of 1.5 billion UZS--1.14 million USD--had been accumulated by the 416b and 480 food monetization programs. End note.)

¶9. (SBU) Agcouns requested that the GOU prepare a list of all remaining projects that require bureaucratic approval or additional technical documentation, and asked whether the U.S. could receive periodic progress reports on both existing and pending projects. Tursunov replied that the GOU will do its best to submit quarterly status reports. Agcouns suggested that he or Embassy staff be permitted to inspect projects that have been completed or are underway, and Tursunov agreed, suggesting visits to the Rezakasay Water Reservoir in the Ferghana Valley, which Tursunov has visited himself.

¶10. (SBU) Tursunov stated that a list of additional projects would be delivered to the Embassy in the next five to six days, including only projects whose technical documentation has been reviewed and approved. He was hopeful that the next list would cover 10 projects, which would leave unfunded only six of the 38 projects agreed to in April 2006. Tursunov concluded by agreeing to provide an official statement on the bank interest accumulated by the USDA Food for Progress funds.

¶11. (SBU) Agcouns said that progress reports and new decrees would go a long way in reducing USG concerns, but that if there were no results within one month, these concerns would be raised to a higher political level.

¶12. (SBU) Comment: The Uzbek co-chair was appropriately apologetic and promised several immediate corrective actions. Post will wait thirty days. If what he has promised has not been accomplished, the Ambassador plans to raise this lack of progress at the appropriate level. Post, now slightly better staffed than one or two years ago, will take Tursunov up on his offer to visit completed projects, to verify for ourselves.

NORLAND